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Wolters Kluwer CT Corporation expert Sandra Feldman says that businesses should begin preparing now

WHAT: New thought leadership from Wolters Kluwer CT Corporation outlining reporting obligations under the pending U.S. Corporate Transparency Act (CTA) features in the most recent edition of The National Association of Secretaries of State’s (NASS) monthly business services news clips roundup. The article reviews the exemptions to the Beneficial Ownership Information (BOI) reporting obligations enumerated under the CTA, scheduled to take effect on January 1, 2024. Business owners, managers, compliance officers, and their legal advisers should start preparing now to ensuring compliance.

WHO: Sandra Feldman, Publications Attorney at Wolters Kluwer CT Corporation, tracks the most pressing and pertinent business entity law issues that impact CT customers of all sizes and industries. The article featured by NASS – the oldest non-partisan professional organization for public officials in the U.S. – is but one example of Feldman’s extensive writings about the CTA and its impact on companies, beneficial owners and law firms. More CTA resources are available to help break down the key components of this new reporting obligation.

Commentary from Sandra Feldman: The Corporate Transparency Act (CTA) is the most significant piece of federal legislation

affecting businesses since the U.S. Securities Laws were enacted in the 1930s. It requires every corporation, LLC, or other entity formed by the filing of a document with a state or created under the laws of a foreign country and registered to do business in a state (unless otherwise exempt), to file an initial Beneficial Ownership Information report with the Department of Treasury's Financial Crimes Enforcement Network (FinCEN). Business entities or individuals that violate the act can expect harsh civil or criminal penalties.

The impact is poised to be significant: by FinCEN's own estimation, 32.6 million entities will be required to file a report in the first year, with 5 million more having to file each year thereafter. FinCEN further estimates that about 6.6 million updated reports would be filed in the first year and 14.5 million updates would be filed annually thereafter. And that's not taking into account the impact on the millions of individuals whose personally identifiable information – including an image of their passport, driver's license or state ID – will be provided to FinCEN, and which must be updated when the information changes.

The burden for companies existing before January 1, 2024 will fall mainly on small businesses, as most will not qualify for one of the exemptions. All existing corporations, LLCs, and other business entities must determine if they are required to file a report. If so, they must report certain information about themselves and they must determine who their beneficial owners are and then obtain the required personally identifiable information from their beneficial owners and, in the case of companies formed or registered on or after January 1, 2024, their company applicant(s)). They also must keep track of this information so that they can file timely updates when necessary.

HOW: Contact Frank Ready at frank.ready@wolterskluwer.com to schedule an interview with Sandra Feldman. Journalists may also publish the quotes above with proper attribution.

For nearly 130 years, Wolters Kluwer CT Corporation has been the leading provider of registered agent services, incorporation services, and legal entity compliance. It is part of Wolters Kluwer's Financial & Corporate Compliance division and has a global reach into over 150 countries. More than 75 percent of Fortune 500 companies, 95 percent of AmLaw 100 law firms, and 350,000 small businesses trust CT Corporation to handle their compliance needs.

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Wolters Kluwer reported 2022 annual revenues of €5.5 billion. The group serves customers in over 180 countries, maintains operations in over 40 countries, and employs approximately 20,000 people worldwide. The company is headquartered in Alphen aan den Rijn, the Netherlands.

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